
STATE OF INDIANA

DISTRESSED UNIT APPEAL BOARD



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Distressed Unit Appeal Board Meeting Memorandum

April 12, 2018

Call to Order: A meeting of the Distressed Unit Appeals Board (DUAB or Board) was held on April 12, 2018, at 3:00 p.m. EDT at the Indiana Government Center South Building, Conference Room 2, Indianapolis, Indiana. Members of the Board attending the meeting in-person include Micah Vincent, Wes Bennett, and Representative Milo Smith. Paul Joyce, Tracy Brown and Representative Cherrish Pryor attended by phone. Courtney Schaafsma, Executive Director, was also in attendance.

Chairman Vincent called the meeting to order and recognized compliance with the Open Door Law. Chairman Vincent presented the minutes for the March 26, 2018 meeting. Mr. Bennett moved to approve the minutes, and Mr. Joyce seconded. The Board voted 4-0 to approve the minutes.

Ms. Schaafsma provided the Executive Director's Report. For Gary Community School Corporation (GCSC), Ms. Schaafsma highlighted efforts being undertaken by the emergency management team to clear assets and records from vacant buildings. She also discussed a contract approval that had been provided to GCSC for a potential settlement with the Indiana Department of Education for questioned costs from the 2014 A-133 audit. For Muncie Community Schools (MCS), Ms. Schaafsma noted that the emergency management team was in the process of closing on the sale of certain vacant elementary buildings and an 11-acre piece of land. She also discussed a contract approval that had been provided to MCS for the creation of a new Transportation Coordinator position.

Chairman Vincent called the next item on the agenda – consideration of a contract between MCS and Interim HealthCare Staffing for school nursing services for the 2018-2019 school year. Ms. Schaafsma explained that the vendor has been providing these services for the past two years. Mr. Steve Edwards, Emergency Manager for MCS, then presented some background on the contract and the process through which nursing services had been outsourced in the past. He explained that the contract is based on an hourly rate, with the maximum cost expected to be \$604,800. He indicated that the expected total cost of the contract may be less than \$500,000. Mr. Edwards indicated that MCS would continue to have flexibility on the services provided and would supplement the services being provided with an on-staff nurse. Representative Smith asked how Central High School receives nursing services without a permanent nurse, and Mr. Edwards indicated MCS employs substitutes. Ms. Brown made a motion that DUAB approve the contract between MCS and Interim HealthCare Staffing, and Mr. Joyce seconded. The Board voted 4-0 to approve the motion.

Chairman Vincent then called the next agenda item – consideration of a loan request from Gary Community School Corporation. Ms. Schaafsma explained that the loan request is for \$3.75 million to cover three payrolls – May 25, June 8 and June 22. Mr. Leonard Moody, Chief Financial Officer for GCSC, presented the request and explained that without the loan, GCSC would have insufficient

resources to meet these payroll requirements. Chairman Vincent asked when GCSC expected to return to DUAB for another loan request. Mr. Moody indicated the next loan request may not be until July. Chairman Vincent asked when the loan requests were expected to end. Mr. Moody answered that the current projections had loan requests going into early 2020. Ms. Schaafsma also commented that GCSC had recently experienced some unexpected expenses including reconfiguration of the high school cafeteria to allow for the move to a single high school and a recent legal settlement. She also noted that the timing of the meetings were driving the timing of the loan requests.

Ms. Schaafsma then noted that DUAB is a recommending body and that DUAB also needs to recommend the term of the loan and the payment schedule. Representative Smith asked about the loan repayments and what would happen if GCSC did not have the resources to make the repayments when due. Ms. Schaafsma noted that the loan repayments are withheld from tuition support, so the State is repaid prior to tuition support dollars going to GCSC. Mr. Bennett made a motion that DUAB approve the loan request in the amount of \$3.75 million for the May 25, June 8 and June 22 payrolls with \$1.25 million for each of the payrolls. The motion also included that the loan would be repaid in equal monthly payments over a ten-year term starting July 1, 2019. Ms. Brown seconded. The Board voted 4-0 to approve the motion.

Chairman Vincent then called the next agenda item – consideration of compensation for the GCSC Chief Academic Officer. Ms. Schaafsma indicated that this item would be postponed to a later date as the selected candidate was unable to attend the meeting due to other activities occurring in Gary.

New business: Ms. Schaafsma presented a schedule of Accounts Payable for GCSC, comparing the outstanding accounts payable from August 2017 to April 2018. The outstanding accounts payable decreased by \$12.3 million over this time.

Adjournment: Chairman Vincent adjourned the meeting at 3:25 p.m.